



## **Clerk/Treasurers Fall Conference**

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# Overview

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- Content
  - Brief Update
  - Discussion of Budget Cycle
    - Where Are We?
    - What's Next?
    - DLGF's Responsibilities
  - 1782's and Budget Orders
  - Revising and Amending a Budget
  - Legislation



## *Updates (As of Sept 28)*

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- Counties that have submitted TIF's: 54 (9/28)
- Counties with Certified AV's by Aug 1<sup>st</sup>: 3
- Counties with certified AV's currently: 43
- # of Units that re-established Cumulative Funds this year: 106 compared to 50 last year



# ***Where Are We In the Budget Cycle?***

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- By Now:
  - You have formulated the 2013 budget.
  - You have estimated the miscellaneous revenues.
  - You have estimated or received the estimate of assessed values for taxable property in 2013.
  - You have calculated an estimated property tax rate needed to generate the levy you need for 2013.
  - You have advertised the budget – twice.
  - You have presented and received the “non-binding recommendation” from the county council.



# *What's Next?*

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- Budget Approval
  - Your city or town council will adopt the budget, rates, and levies for 2013 (on or before Nov. 1).
  - The adopted budget will not exceed the amounts advertised.
  - Budget is passed by a simple majority vote of the council.
    - Council must have a quorum present to pass the budget.



# *What's Next?*

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- Budget Approval – Continued
  - If the council does not have a quorum present, postpone or continue the meeting until a future day and time that is specifically stated during the meeting.
    - Reflect the postponement in the minutes.
  - This will avoid the need to re-advertise the adoption meeting.
  - November 1 is the absolute last day for council to adopt the budget, rates, and levies.
  - Submit the adopted budget, rates, and levies to the county auditor and DLGF within two days after adoption.



# *What's Next?*

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- Budget Approval and Submission
  - Submit budget via Gateway
  - Copy the amounts on Forms 1, 4A and 4B in the published column into the adopted column and then modify to reflect changes by the fiscal body (council).
  - When the budget is adopted by council have them sign Form 4 and submit with the budget and proof of publication.
    - Council will sign Budget Form 4 certifying the total amount of the budget, total tax rate, and total levy of all funds.
    - **WARNING:** Double and triple check the amounts on Form 4.
    - Send an email to [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov) if you need to unlock forms.



# *What's Next?*

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- Submitting Form 3 and Form 4
  - Form 3 is the advertisement of the public notice.
  - Complete the form in Gateway and scan and upload after signed by the official with submission rights.
    - Include proof of publication from publisher
  - Form may be downloaded as PDF, Excel, or printed.
  - Form 4 is the certification of budget, rates and levies as adopted and then signed by fiscal body.
  - Signed Form 4 is to be scanned and uploaded to Gateway (Public libraries can help if needed).
  - DLGF **will not** accept email, FAX, or U.S. Mail.
  - Questions to [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov)





# ***DLGF's Role in Process***

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- DLGF's Statutory Responsibilities:
  - Enforce the maximum levy laws.
  - Prevent double taxation.
  - Verify that public meetings were timely advertised and held and that taxpayers had opportunity to voice their objections or support.
  - Calculate and certify property tax rates and levies uniformly across state.
  - Certify property tax rates by tax district.
  - Approve budgets not to exceed available funding.



# ***DLGF's Role in Process***

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- When budgets are submitted to DLGF:
  - DLGF will revise miscellaneous revenue estimates with any new information that's available.
    - Excise taxes
    - Commercial Vehicle Excise Tax
    - Financial Institutions Tax
    - Interest earnings on deposits
  - New information may also include revised assessed value from county auditors.
  - Any information could impact the projected fund balances and amount budgeted.



# ***DLGF's Role in Process***

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- DLGF will work budgets by county
  - Counties are worked in the order they have submitted certified net Assessed Values.
  - If a county “re-certifies” AV’s it loses its place in line.
  - Field representatives will begin working budgets in November. They may contact you if they need additional information or require additional documentation.
  - DLGF schedules a public hearing on the budget.
  - **TIP:** Processing an appropriation reduction now will free up funds to help pay for next year’s budget.



# ***DLGF's Role in Process***

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- 1782 Notices
  - After the DLGF completes working all budgets in a county, the Department will issue a “1782 Notice”.
  - A 1782 Notice is a legal notice by the DLGF to notify the units of any actions the Department has taken toward the budget.
  - According to IC 6-1.1-17-16, the DLGF must give the units 10 days to respond to those actions. DLGF requires those requests to be in writing and submitted electronically (FAX 317-974-1629).



# ***DLGF's Role in Process***

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- 1782's (Continued)
  - A 1782 Notice will include:
    - A cover page to return with a signature and boxes to indicate if no changes are requested or a request to make indicated changes.
    - A Fund Report which is a 16-line statement.
    - Calculation of the maximum levy.
    - The amount the unit is under the maximum levy.
    - Miscellaneous revenue report (Form 2).
    - No response within the 10 days is acceptance of the changes.
    - Prompt response accelerates the processing of Budget Order.



# ***When You Receive a 1782...***

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**Did you give your email address to the DLGF field representative at the budget workshops?**

- **To Do's When You Receive your 1782 Notice:**
  - Check Line 1 – Adopted Budget
  - Check Line 6 – June 30 Fund Balance
  - Check Lines 8a and 8b – Miscellaneous Revenues
  - Check Line 10 – Projected Ending Fund Balance
  - Check Line 16 – Property Tax Levy

**Also Check the Property Tax Rate and Assessed Value  
Sign and return with requested changes.**



# ***DLGF's Role in Process***

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- After the 1782's – The Budget Order
  - When all 1782 issues are resolved, the DLGF begins to finalize the budget by issuing the Budget Order.
  - The Budget Order is the actual certification of appropriations, tax rates and tax levies for each unit and each fund in the county.
  - The Budget Order gives the county the authority to tax property.
  - The Order provides the certification of tax rates for each tax district within the county.
  - Essential for preparing property tax bills.



# *Budget Order*

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- Important Points Regarding Budget Orders:
  - Property tax levy cannot be increased after Order is issued.
  - Certified levy is the maximum amount of property tax that can be received for a fund. Amounts exceeding the certified levy are called “levy excess”.
  - “Levy excess” amounts are deposited into a levy excess fund which is used to reduce next year’s levy.
  - Certified appropriation is the maximum amount that can be spent from a fund unless an additional appropriation is granted. This is a legal control.





# *Budget Denials*

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- Some budgets and levies will be denied
  - Most common reasons for denial are:
    - Faulty budget advertisement; not timely or lacking important information.
    - Public hearings or adoption meetings not timely.
    - Unit did not comply with requirements for non-binding recommendation.
    - Unit did not file required reports with the State Board of Accounts.
    - Form 4's not signed (certified) or signed with no values for budget, rate or levies. Must submit through Gateway.
    - Proof of publication not submitted through Gateway.



# ***Budget Denials***

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- Reports to file with State Board of Accounts:
  - Annual Report for 2011 (CTAR)
  - Salary and Wages Report (100R)

Report to file with DLGF:

- Debt Issuance Report electronically filed with DLGF in “Debt Management”

**DLGF cannot issue a 2013 Budget or additional appropriations for any unit that has not filed these required reports.**



# *Budget Denials*

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- Impact of Budget Denials
  - Appropriations and levy is continued
    - Unit receives same budget and levy as current year.
    - Unit may supplement budget with an additional appropriation.
  - Appropriation and levy denied
    - May happen next year with debt service funds not reported to DLGF (*Includes 2013 Budgets*)
    - Tax rate for debt service fund not allowed.
  - Appropriation is denied and levy is continued
    - Results from improper adoption.



# ***Budget Controls***

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- Budget Controls are established at several levels
  - State control is established at fund total.
  - Local control is established at the fund and major classification level (Determined by budget adoption ordinance or resolution).
  - Some local control is also established at department level.
  - These are legal controls which can only be modified by passage of an ordinance or resolution.



# ***Budget Revisions***

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- Budgets often need to be revised after the certification due to a variety of events:
  - Change of priorities
  - New or additional funds become available
  - Less funds are available
- Revisions take the form of:
  - Transfers between categories
  - Increased appropriations
  - Decreased appropriations



# ***Budget Revisions***

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- Important Points Regarding Budget Revisions:
  - Additional appropriations from any funds listed in the Budget Order plus Excess Levy Fund, Rainy Day, and Major Moves must be approved by the DLGF.
  - Approval is by adopting an ordinance after a public hearing which must be advertised.
  - All additional appropriations are limited to the amount of available funding.
  - Miscellaneous (not property taxes) revenues can be revised by submitting a revised Form 2 to the DLGF with an additional appropriation request.



# *End of Year Reminders*

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- Last day to submit to DLGF an Additional Appropriation to amend the 2012 budget is December 17.
- Units that issue debt in December can get a levy and rate for 2013 if they enter it into Debt Management and they included it in the 2013 budget.
- File reports: CTAR, 100R with statement of benefits offered, Debt Report, certification of Anti-Nepotism Policy.



# *Looking Ahead*

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- After the year end close, assess your financial condition.
  - Compare ending fund balance (cash and investments minus encumbrances) with the projection.
  - How does the difference affect line 10 of your 16-line statement (fund report)?
- Compare the certified budget with the original proposed budget.
  - Also compare 2012 budget to actual – both expense and revenues.





# *New Legislation*

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- SEA 107
  - Amends IC 36-4-7-3, effective July 1, 2012, to change the deadline for fixing the employee compensation schedule to November 1.
- SEA 307
  - Amends IC 36-8-19-6 effective upon passage to change requirements for establishing a Fire Protection Territory.
    - 3 public hearings
    - Notice must include expected tax rates, levies, planned expense, service levels and projected debt service payments
    - FPT Equipment Replacement Fund established by April 1



# *New Legislation*

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- HEA 1072
  - Section 5 – DLGF not allowed to approve an appropriation or levy associated with a debt unless a debt issuance report has been electronically filed with DLGF (IC 5-1-18-7). *Effective July 1, 2012*
  - Section 8 – Annual financial reports must be electronically filed with state examiner (IC 5-11-1-4). *Effective upon passage*
  - Section 9 – Annual compensation report (100R) must also indicate if the political subdivision offers a health plan, a pension, and other benefits to full and part-time employees (IC 5-11-13-1). *Became effective upon passage*



# *New Legislation*

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- HEA 1072 (Continued)
  - Sections 23 and 24 – Various changes to budget calendar. Effective July 1, 2012:
    - First budget advertised ***before*** September 14 and second advertisement ***before*** September 21,
    - Budget submitted to county fiscal body ***before*** September 2.
    - County fiscal body completes review ***before*** October 2.
  - Section 26 – Requires the 1782 Notice to be sent to the units and received from the units electronically. Effective July 1, 2012



# *New Legislation*

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- HEA 1072
  - Section 35 – Provides that property taxes levied for debt service obligations are “protected” from circuit breaker credits.
    - Defines “debt service obligations” as principal and interest payable during a calendar year on bonds and lease rental payments payable during a calendar year.
    - Unprotected taxes are the other property tax levies of the unit.
    - NOTE: For units that only have debt service levies, those levies are subject to circuit breaker credits,



# Contact the Department

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- **Dan Jones, Assistant Director of Budget Division, DLGF**
  - Telephone: 317.232.0651
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  - E-mail: [djones@dlgf.in.gov](mailto:djones@dlgf.in.gov)
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  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm).